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IAI | IMPORTANT ADMINISTRATIVE INFORMATION

Receive the IAI via email.
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June 2011



Blue Cross Blue Shield of Massachusetts is an Independent Licensee of the Blue Cross and Blue Shield Association

IAI | LETTER

Dear Valued Customer:

This issue of the Important Administrative Information (IAI) newsletter includes information on additional coverage options from Indigo™ Insurance Services, pharmacy updates and changes, national health care reform repeals, and more.

Visit www.bluecrossma.com/employers/iai to learn more about any of the topics in this edition.

As always, if you have any questions, please contact your account executive.

Sincerely,

A handwritten signature in black ink that reads "Timothy J. O'Brien". The signature is written in a cursive, flowing style.

Timothy J. O'Brien
Senior Vice President
Sales Division

Benefits from Indigo Insurance Services

Total Administrative Services Corporation (TASC)

FMLA and COBRA administration can take a lot of time. With our partnership with TASC, every employer can now take advantage of their services listed below, saving time and making benefit portfolios more attractive.

COBRA Continuation Administration

- Assumes liability for required COBRA administrative procedures
- Initial Department of Labor notice for enrolled employees
- Payment collection

FMLA Administration

- Full review of employee eligibility and entitlements
- Employee-leave tracking to reduce dollars spent on employee benefits
- Guidance on company-leave policies

Employee Retirement Income Security Act (ERISA) Compliance Management

- Complete design and preparation of plan documents and summary plan descriptions
- Preparation of Department of Labor forms

Health Reimbursement Arrangement

- Stored-value debit card or claims feed available
- Customized plan designs for businesses of all sizes

Flexible Spending Accounts

- Full suite of accounts: medical, dependent care, and transportation
- Stored-value debit card
- Email and text communications to participants
- Online participant and sponsor administration

→ To learn more, please visit www.bluecrossma.com/employers/iai.

Employee Assistance Program (EAP)

Sometimes employees can become distracted at work due to family issues, stress, financial problems, etc. Those distractions have the potential of significantly lower productivity. Designed to help employees overcome work-related or personal issues, EAP offers counseling, access to work/life resources, 24/7 management consultation, and more.

Employers are also able to take advantage of their own EAP services, such as formal management referrals and crisis management services.

→ To learn more about EAP, please visit www.bluecrossma.com/employers/iai.

Protection Plus—Life and Disability Packages

With Protection Plus offered by Indigo Insurance Services, employers can help ensure their employees' wellbeing without jeopardizing their financial security. Designed specifically with 2-49 employee businesses in mind, Protection Plus offers simple, extensive coverage at unbeatable rates. With four packages to choose from and a monthly cost ranging from \$9 to \$28 per employee per month, there's a package to fit every budget.

Protection Plus pays benefits for two to five years. It's a perfect solution for small businesses that want to offer more security than Short Term Disability, but may not have the budget for Long Term Disability.

→ To learn more, please visit www.bluecrossma.com/employers/iai.

Pet Insurance

People treat their pets as an extension of their family, expecting nothing less than the best care and services available. But at some point, these costs can become unmanageable.

Much like our health care system, pet health care is not immune to rising costs. With the purchase of any Indigo or Blue Cross Blue Shield of Massachusetts product, we offer discounted pet insurance through PurinaCare[®], a subsidiary of Purina, a trusted name with over 85 years of understanding pets and the people who love them.

→ To learn more, please visit www.bluecrossma.com/employers/iai.

Ancillary Products Brochure

Learn about the wide selection of ancillary products (e.g., Dental Blue[®], life insurance, disability insurance, etc.) offered by Indigo Insurance Services and Blue Cross Blue Shield of Massachusetts in our Ancillary Products brochure.

→ To download the brochure, please visit www.bluecrossma.com/employers/iai.

Medical Cost Comparison Guide for PPO Members

The Medical Cost Comparison Guide allows PPO members to see and compare the cost of care at various facilities in their area. Members can search by procedure and zip code to compare in-network costs for approximately 60 services, from inpatient care to imaging services.

The guide is based on data from more than 50 million Blues plan members across the nation, and it gives members a powerful tool to help them make effective decisions about where to receive care.

This tool is especially useful for members with plans that include a deductible or co-insurance, where they are responsible for some or all of the cost of services.

→ To learn more, please visit www.bluecrossma.com/employers/iai.

The Basics of Hospital Choice Cost Sharing

In just five minutes, members can now easily understand the Hospital Choice Cost Sharing feature. This is a standard feature on 11 of our medical plans.

Members get the basics of Hospital Choice Cost Sharing and access to a detailed Planning Guide that helps them learn how to make the right decisions for themselves and their family.

Complete with voice-over narration, www.bluecrossma.com/hospitalchoice provides members with an introduction to Hospital Choice Cost Sharing that is:

- **Engaging:** A casual tone and distinctive information graphics provide members with an effective and appealing way to learn.
- **Interactive:** Members can choose whether they want to see an example with a deductible or without, revisit a previous section, or pause the tutorial whenever they need to.
- **Easy-to-understand:** Simple language and clear explanations get members started with Hospital Choice Cost Sharing without overwhelming them.

→ To learn more, please visit www.bluecrossma.com/employers/iai.

Pharmacy Updates

New Fertility Specialty Pharmacy Joining Network

Known for its commitment to infertility treatment, Ascend Specialty Pharmacy is the newest addition to our retail specialty pharmacy network. Established in 1994 and based in South Portland, Maine, Ascend is a trusted, full-service, specialized pharmacy that offers a wide-range of additional support services. It's another high-quality option for our members who are taking prescription medications to treat infertility.

→ To learn more, please visit www.bluecrossma.com/employers/iai.

Introducing a New Pharmacy Benefit Option—Select Home Delivery

Blue Cross Blue Shield of Massachusetts is pleased to offer a new pharmacy benefit option for employers that would like to increase their mail pharmacy utilization without making it mandatory. Select Home Delivery is similar to the Exclusive

Pharmacy Updates
(continued)

Home Delivery program, but it gives members the option to opt out and continue using a retail pharmacy. This new benefit is available on all commercial products for accounts with 50 or more employees.

Select Home Delivery applies to certain maintenance medications used for ongoing conditions, such as diabetes and high blood pressure, as well as medications used for birth control or to lower cholesterol.

When members fill maintenance medication prescriptions through the mail service pharmacy, in most cases, they will pay a smaller copayment compared to purchasing the prescription through a retail pharmacy. In addition, members can receive:

- Free home delivery of medications in the mail
- Up to a three-month supply of medication with each order, which saves time
- 24-hour access to a pharmacist by phone
- Easy options for refilling a prescription, including ordering online, by telephone, or by fax

→ To learn more, please visit www.bluecrossma.com/employers/iai.

New P.O. Box for Express Scripts® Mail Service Pharmacy

The mail service pharmacy will be moving their P.O. Box address from Bensalem, Pennsylvania to St. Louis, Missouri to be closer to where the majority of prescriptions for Blue Cross Blue Shield of Massachusetts members are fulfilled now.

The transition will begin in July 2011 and continue through the end of the year. The Bensalem, Pennsylvania address will remain open and the mail service pharmacy will continue to accept all prescription requests and correspondence until the transition is complete.

Mail service order brochures for all health plans that include a pharmacy benefit (e.g., Medex® and Medicare Advantage) will be updated with the new address and will be available in late July.

The new address is:
Express Scripts
P.O. Box 66566
St. Louis, MO 63166-9967

→ To learn more, please visit www.bluecrossma.com/employers/iai.

Plan Update

Plan Closing: HMO Blue® \$500 Deductible Plan

Effective July 1, 2011, new sales of our HMO Blue \$500 Deductible plan will be closed to:

- Employer groups with fewer than 50 eligible employees
- Individuals

Note: Those currently enrolled in this plan may continue to renew their coverage.

While this plan is closed to new sales, our HMO Blue New England \$500 Deductible plan will remain available to all market segments when paired with the Hospital Choice Cost Sharing feature for small groups and individuals and for large group accounts via the Hospital Choice Cost Sharing rider.

→ To learn more, please visit www.bluecrossma.com/employers/iai.

Database Change for Certain Fee Schedules and Usual and Customary Fees for Dental Products and Some Self-Funded Medical Plans

Effective July 1, 2011

Blue Cross Blue Shield of Massachusetts will transition from an Ingenix® database, formerly managed by the Health Insurance Association of America (HIAA), to FAIR Health's database for the designation of certain fee schedules and out-of-network Usual and Customary fees for our dental products and some self-funded medical plans. This transition should not cause any disruption to claims processing.

FAIR Health, Inc., a not-for-profit organization funded by insurers, has assumed ownership of the Medical Data Research and Prevailing Healthcare Charges System databases to provide market rates for health care services.

→ To learn more, please visit www.bluecrossma.com/employers/iai.

Repeal of Certain 1099 Tax Reporting Provisions

On April 14, 2011, President Barack Obama signed Public Law 112-9, the Comprehensive 1099 Taxpayer Protection and Repayment of Exchange Subsidy Overpayments Act of 2011 (the 1099 Taxpayer Protection Act), which repeals certain 1099 tax reporting provisions in Internal Revenue Code Section 6041, as amended by the Affordable Care Act.

Specifically, this legislation:

- Repeals a requirement that, beginning in 2012, would have required businesses to use 1099 forms to report any payments to corporations totaling \$600 or more in a calendar year to the Internal Revenue Service.
- Repeals a requirement that became effective for payments made in the 2011 tax year that would subject individuals who receive real estate rental payments to the same reporting requirements as businesses with respect to reporting to the IRS payments over \$600 made to a vendor.
- Changes the rules regarding the recapture of overpayments of premium tax credits provided under national health care reform. Beginning in 2014, households with income of less than 400 percent of the federal poverty level will be eligible for a tax credit for health insurance coverage and may benefit from advanced premium payments made on their behalf for the purchase of health insurance.

→ For additional information, please visit www.bluecrossma.com/employers/iai.

Repeal of Free Choice Vouchers

This legislation repeals the 2014 provision that would have required employers to offer low-wage employees company-paid vouchers to buy coverage in state health insurance exchanges.

→ To learn more, please visit www.bluecrossma.com/employers/iai.

Changes to Appeals Process and Claim Notices

The federal health care reform law includes requirements that affect our appeals process for both fully insured and self-funded health plans. Some of the required changes became effective for plans upon their anniversary dates, starting on September 23, 2010. However, due to extensions and grace periods granted by the federal government, some changes will become effective on July 1, 2011, and others on January 1, 2012.

→ To find more information on the changes, please visit www.bluecrossma.com/employers/iai.

Small Business Tax Credit Guide

The small business tax credit program was set up by the federal government to help small employers cover some of the expenses brought on by their employees' health insurance costs. Employers can use this guide to get additional information and see if they qualify.

→ To learn more, please visit www.bluecrossma.com/employers/iai.

AskBlue Healthcare Reform

Created by the Blue Cross and Blue Shield Association, AskBlue Healthcare Reform is an interactive tool that explains the basics of health care reform through a series of questions and answers.

→ To view the tool, please visit www.bluecrossma.com/employers/iai.

Chapter 288 Non-Group Eligibility Changes for Individuals Eligible for COBRA

Chapter 288 restricts eligibility for non-group coverage to Massachusetts residents who are not eligible for an employer-sponsored plan that meets minimum creditable coverage (MCC) guidelines. According to recent Massachusetts DOI regulations, COBRA and Massachusetts mini-COBRA are not considered employer-sponsored health plans for purposes of determining Massachusetts non-group eligibility.

Therefore, individuals will be considered to have lost eligibility for employer-sponsored coverage and experienced a qualifying event making them eligible to enroll in non-group coverage outside of Open Enrollment if:

- The individual has waived access to COBRA and the 60-day COBRA election period has expired, or
- The individual elected COBRA and canceled after paying the full premium for at least 60 days, and
- The individual applies for non-group coverage with 30 days of either of these qualifying events

→ To learn more, please visit www.bluecrossma.com/employers/iai.

